

## Message Text

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PAGE 01 LONDON 02044 01 OF 02 101710Z

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 EA-06 IO-10 ISO-00 OIC-02 AGR-05

CIAE-00 COME-00 INR-07 LAB-04 NSAE-00 SP-02 STR-01

TRSE-00 CIEP-01 FRB-03 OMB-01 AF-06 NEA-09 PA-01

PRS-01 USIA-06 AID-05 SAJ-01 NIC-01 AS-01 /099 W

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R 101657Z FEB 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 8098

INFO AMEMBASSY BUENOS AIRES

USMISSION EC BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY LUXEMBOURG

AMEMBASSY OTTAWA

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION GENEVA

AMEMBASSY BONN

AMEMBASSY THE HAGUE

AMEMBASSY BRUSSELS

AMEMBASSY PARIS

AMEMBASSY DUBLIN

AMEMBASSY COPENHAGEN

USMISSION OECD PARIS

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PASS AGRICULTURE

GENEVA FOR TNC DELEGATION

ROME FOR FODAG

E.O. 11652: N/A

TAGS: EAGR, AORG

SUBJECT: WFC FOLLOW-UP; FEB 8 LONDON MEETING EXPORTERS

PLANNING GROUP

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PAGE 02 LONDON 02044 01 OF 02 101710Z

1. SUMMARY. USEFUL, WIDE-RANGING DISCUSSIONS PERMITTED INFORMAL EXPLORATION OF COUNTRIES' VIEWS ON THE WORLD GRAIN SITUATION, WORLD FOOD RESERVES, AND THE ISSUE OF WORLD FOOD SECURITY.

2. AM AND PM SESSIONS, PLUS US-HOSTED LUNCHEON, ALL AT EMBASSY, ATTENDED BY EC, CANADA, AUSTRALIA, ARGENTINA AND US. RESPECTIVE CHIEF DELEGATES WERE MALVE, MINER, DONOVAN, TOMAS, AND ENDERS. SUBSTANTIVE EXCHANGES DEALT MAINLY WITH (A) CURRENT AND PROSPECTIVE WORLD GRAIN SITUATION, INCLUDING THE GRAIN SITUATIONS OF REPRESENTED COUNTRIES (B) VIEWS ABOUT THE CONCEPT OF A RESERVE SYSTEM, HOW IT SHOULD BE APPROACHED, AND WHETHER OR NOT IT HAS COMMERCIAL SIGNIFICANCE AND/OR MTN RELATIONSHIP, AND (C) DEVELOPMENTS IN FOOD-AID.

3. AS TO GRAIN SITUATION, THERE WAS GENERAL AGREEMENT THAT WEATHER WILL AGAIN BE CHIEF FACTOR IN 1975/76 THOUGH THE IMPACT OF THE ECONOMIC DOWNTURN IN THE US AND ELSEWHERE ON LIVESTOCK PRODUCTION COULD ALSO BE AN IMPORTANT FACTOR. OF SIDE INTEREST, THERE WERE COMMENTS BY SEVERAL REPS, INCLUDING DE GRUBEN (EC) AND TRELEAVEN (CANADA), TO EFFECT THAT INCREASED INTERVENTION BY GOVERNMENTS DURING THE CURRENT TIGHT SUPPLY SITUATION HAVE TENDED TO AGGRAVATE AND CONFUSE THE MARKET.

4. LIVELIEST EXCHANGES WERE ON HOW AND WHETHER THE NEGOTIATION OF A RESERVES SYSTEM (A) SHOULD BE LINKED TO MTN AND (B) WITHOUT PROTECTION AGAINST "THE DOWN SIDE" FOR THE BENEFIT OF PRODUCERS. AS TO MTN LINKAGE, EC INDICATED THAT THEIR CURRENT OFFICIAL POSITION CONTINUES TO BE THAT SETTLEMENT ON RESERVES COULD ONLY COME IN THE MTN. HOWEVER THEY THOUGHT THAT THERE WAS CONSIDERABLE POSSIBILITY FOR FLEXIBILITY PROVIDED THE DISCUSSIONS WERE PLACED IN THE RIGHT CONTEXT. OTHERS, THOUGH IN VARYING DEGREES, WERE NOT CERTAIN THAT MTN LINK WOULD BE NECESSARY.

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PAGE 03 LONDON 02044 01 OF 02 101710Z

5. ALL OTHER COUNTRIES EXPRESSED THE VIEW THAT ANY AGREEMENT WOULD HAVE TO COVER THE DOWN-SIDE OF THE MARKET CANADA WAS STRONGEST IN INSISTING THAT ANY SYSTEM RESULTING IN HIGHER STOCKS WOULD DEPRESS PRICES, AND THAT IF IT WERE LARGE ENOUGH TO MEET EXTREME SHORTFALL (I.E. 1 IN 20 YEARS, 60-MILLION TON CONCEPT) THE RESULTING PRICES WOULD SURELY BE TOTALLY UNACCEPTABLE TO PRODUCER/EXPORTERS. THEY THEREFORE INSIST THAT ANY SIGNIFICANT

STEPS ON STOCK BUILDING MUST BE COUPLED WITH PRICE PROTECTION. US INDICATED OPEN MIND ON THIS, BUT HOPED THAT "DOWN-SIDE" PROTECTION COULD COME PRIMARILY IN OTHER FORMS.

6. AS TO APPROACH, ALL AGREED TO SPECIAL NEED FOR MEANINGFUL USSR PARTICIPATION, AND ALL WERE SATISFIED THAT MOST SUITABLE FORUM BOTH FOR EXPLORATORY WORK AND POSSIBLY FOR NEGOTIATION OF ARRANGEMENT WOULD BE IWC, AT LEAST FOR TIME BEING. EC STATED ITS FORMAL POSITION IN FAVOR OF ONGOING WORK ON FOOD SECURITY PROBLEM IN FAO AND NEGOTIATION OF ANY SPECIFIC INTERNATIONAL AGREEMENT IN MTN. HOWEVER, EC REP CONVEYED IMPRESSION THAT COMMISSION, AT LEAST, WAS MORE FLEXIBLE THAN PRESENT POSITION INDICA-

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PAGE 01 LONDON 02044 02 OF 02 101706Z

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PRS-01 USIA-06 AID-05 SAJ-01 NIC-01 /098 W

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TED, AND THAT IF OTHERS DID NOT MOVE TOO FAST AND WERE UNDERSTANDING ABOUT PHRASING, EC PROBABLY COULD JOIN IN "PREPARATORY WORK" ON RESERVES ARRANGEMENT OUTSIDE MTN. CANADA EMPHASIZED THE NEED TO USE EXISTING BODY WHERE ALL TYPES OF NATIONS ALREADY REPRESENTED AND TO WHICH OTHERS WOULD HAVE READY ACCESS TO RESULTS, PAPERS, ETC., AND FOR LIMITED OFFICIAL USE

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PAGE 02 LONDON 02044 02 OF 02 101706Z

THIS REASON SUPPORTED IWC FORUM; THEY STRESSED THIS WOULD AVOID OTHER TRADING COUNTRIES BEING SERVED, AT SOME LATE STAGE, "WITH A DINNER THAT HAS ALREADY BEEN COOKED." THERE ALSO WAS GENERAL AGREEMENT THAT FAO FORUM NOT SUITABLE, ALTHOUGH EC OFFICIAL POSITION WAS THAT FAO FORUM SHOULD NOT YET BE RULED OUT.

7. CONCLUDING COMMENTS INDICATED ALL COUNTRIES FELT THIS KIND OF SESSION WAS USEFUL, AND THAT THE POSSIBILITY OF HAVING FURTHER SUCH SESSIONS IN THE FUTURE WOULD BE KEPT OPEN. DELEGATES AGREED THAT FUTURE REFERENCE TO THE FACT THAT THIS MEETING WAS HELD SHOULD BE MINIMIZED, NOT ONLY FOR PUBLIC, BUT ALSO AS REGARDS OTHER COUNTRIES, SUCH AS THOSE ATTENDING RESERVES MEETING FEBRUARY 10-11 IN LONDON.

DECON 2/10/76

SPIERS

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** EXPORTERS, MEETINGS, FOOD ASSISTANCE, GRAINS, STOCKPILES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 10 FEB 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Executive Order:** N/A  
**Errors:** N/A  
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**Original Previous Classification:** n/a  
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**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 14 APR 2003  
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**Review Exemptions:** n/a  
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**Review Markings:**

Margaret P. Grafeld  
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US Department of State  
EO Systematic Review  
05 JUL 2006

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**TAGS:** EAGR, AORG, OCON, UK, WFC  
**To:** STATE  
**Type:** TE  
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